

SENATE BILL NO. 61

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY SENATORS COGHILL, Ellis

Introduced: 2/20/13

Referred: Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the board, loans, records, and lobbying contracts of the Alaska**
2 **Commercial Fishing and Agriculture Bank; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 44.81.215 is amended to read:

5 **Sec. 44.81.215. Lending powers of the bank.** The bank may

6 (1) make loans to individuals, including married couples, who are
7 residents of the state and who are engaged in commercial agriculture or fishing,
8 including harvesters, processors, suppliers, and marketers, if at least one of the
9 primary obligors on the loan is a member of the bank;

10 (2) make loans to corporations, partnerships, or limited liability
11 companies engaged in commercial agriculture or fishing if the majority interest of the
12 corporation, partnership, or limited liability company is beneficially owned by
13 residents of the state and a majority of the owners are residents of the state, and if at
14 least one of the primary obligors on a loan is a member of the bank; however, the bank

1 may not make a loan under this paragraph to a corporation, partnership, or limited
2 liability company for the purchase of a new or existing fishing boat or for the repair or
3 renovation of an existing fishing boat if the primary purpose of the fishing boat is to
4 commercially harvest fishery resources, unless the corporation, partnership, or limited
5 liability company is wholly owned and controlled by residents of the state, and unless
6 at least one of the primary obligors on the loan is a member of the bank;

7 (3) make loans for limited entry permits to individuals who fish
8 commercially if the individual is a state resident; loans made under this paragraph are
9 subject to AS 44.81.231;

10 (4) make loans [NOT TO EXCEED \$500,000] to individuals,
11 including married couples, who are residents of the state and who will use the loan
12 proceeds to commercially engage in tourism within the state if at least one of the
13 primary obligors on the loan is a member of the bank;

14 (5) make loans [NOT TO EXCEED \$1,000,000] to corporations,
15 partnerships, or limited liability companies that will use the loan proceeds to
16 commercially engage in tourism within the state if the majority interest of the
17 corporation, partnership, or limited liability company is beneficially owned by
18 residents of the state and a majority of the owners are residents of the state, and if at
19 least one of the primary obligors on the loan is a member of the bank;

20 (6) make loans [NOT TO EXCEED \$500,000] to individuals,
21 including married couples, who are residents of the state and who will use the loan
22 proceeds to commercially engage in the development or exploitation of natural
23 resources within the state if at least one of the primary obligors on the loan is a
24 member of the bank;

25 (7) make loans [NOT TO EXCEED \$1,000,000] to corporations,
26 partnerships, or limited liability companies that will use the loan proceeds to
27 commercially engage in the development or exploitation of natural resources within
28 the state if the majority interest of the corporation, partnership, or limited liability
29 company is beneficially owned by residents of the state and a majority of the owners
30 are residents of the state, and if at least one of the primary obligors on the loan is a
31 member of the bank;

1 (8) make a loan for capital investment or operating capital to a shore-
 2 based fish processor, a timber processor, or an agricultural processor or harvester who
 3 does not meet the residency or resident ownership requirements of (1) or (2) of this
 4 section but meets the other requirements of (1) or (2) of this section, if a facility of
 5 the processor or harvester is located in the state and the majority interest in the
 6 processor or harvester is beneficially owned by residents of the United States;

7 (9) make a loan to a person, regardless of residency, if the board
 8 determines that the loan is necessary to preserve the value of property held by the bank
 9 as security for a loan that was made under AS 44.81.210 or this section and that is in
 10 default;

11 (10) make loans, as provided in (1), (2), [OR] (4) - (8), or (15) - (18)
 12 of this section, that are secured by liens subordinate to valid first liens and security
 13 agreements granted to another creditor;

14 (11) accept the pledge of a limited entry permit as security for a loan
 15 made under this chapter subject to the conditions set out in AS 44.81.236 on pledges
 16 of limited entry permits;

17 (12) make loans in participation with other lenders as provided in (1),
 18 (2), [OR] (4) - (8), or (15) - (18) of this section, whether or not an obligor is a member
 19 of the bank;

20 (13) purchase or acquire participations in loans from other lenders if
 21 the participations conform to the provisions of (1), (2), [OR] (4) - (8), or (15) - (18) of
 22 this section, whether or not an obligor is a member of the bank;

23 (14) issue certificates of loan participation to members and to other
 24 individuals, corporations, partnerships, and limited liability companies, but the bank
 25 may not issue a certificate of loan participation if the certificate would allow
 26 participation by the member, individual, corporation, partnership, or limited liability
 27 company in loans that individually or cumulatively involve more than 20 percent of
 28 the commercial fishery entry permits issued for one type of gear in a specific fishery
 29 resource administrative area;

30 (15) make a loan for a tourism-related operation to individuals,
 31 including married couples, who are not residents of the state, if

1 (A) the individuals will use the loan proceeds to
2 commercially engage in the operation in the state;

3 (B) a facility of the operation is located in the state; and

4 (C) at least one of the primary obligors on the loan is a
5 member of the bank;

6 (16) make a loan to a corporation, partnership, or limited liability
7 company for a tourism-related operation when a majority of the owners of the
8 corporation, partnership, or limited liability company are not residents of the
9 state, if

10 (A) the corporation, partnership, or limited liability
11 company will use the loan proceeds to commercially engage in the
12 operation in the state;

13 (B) a facility of the operation is located in the state;

14 (C) at least one of the primary obligors on the loan is a
15 member of the bank; and

16 (D) the majority interest in the corporation, partnership, or
17 limited liability company is beneficially owned by residents of the United
18 States;

19 (17) make a loan to individuals, including married couples, who
20 are not residents of the state for an operation that is dedicated to the
21 development or exploitation of natural resources, if

22 (A) the individuals will use the loan proceeds to
23 commercially engage in the operation in the state;

24 (B) a facility of the operation is located in the state; and

25 (C) at least one of the primary obligors on the loan is a
26 member of the bank;

27 (18) make a loan to a corporation, partnership, or limited liability
28 company in which a majority of the owners of the corporation, partnership, or
29 limited liability company are not residents of the state, if the loan is for an
30 operation that is dedicated to the development or exploitation of natural
31 resources, and

1 (A) the corporation, partnership, or limited liability
 2 company will use the loan proceeds to commercially engage in the
 3 operation in the state;

4 (B) a facility of the operation is located in the state;

5 (C) at least one of the primary obligors on the loan is a
 6 member of the bank; and

7 (D) the majority interest in the corporation, partnership, or
 8 limited liability company is beneficially owned by residents of the United
 9 States.

10 * **Sec. 2.** AS 44.81.225(a) is amended to read:

11 (a) To facilitate the development of commercial fisheries and commercial
 12 agriculture in geographic areas in which factors such as geographic considerations,
 13 uncertainties of communication, or limited demands do not encourage normal lending
 14 activities, the bank may make small loans to qualified borrowers who are not members
 15 of the bank.

16 * **Sec. 3.** AS 44.81.225(b) is amended to read:

17 (b) The provisions of this chapter apply to loans authorized by this section
 18 except that

19 (1) the borrower is not required to be a member of the bank at the time
 20 the loan is approved; and

21 (2) the principal amount of the portion of the loan made by the bank
 22 may not exceed \$50,000 [\$25,000].

23 * **Sec. 4.** AS 44.81.225(c) is amended to read:

24 (c) The total amount of money that may be loaned under this section may not
 25 exceed 25 [EIGHT] percent of the total capital of the bank.

26 * **Sec. 5.** AS 44.81.260 is amended by adding a new subsection to read:

27 (e) Notwithstanding (a) and (b) of this section, the bank may provide a list of
 28 the members of the bank who are eligible to serve as a director of the bank to members
 29 of the bank who are eligible to vote for directors of the bank.

30 * **Sec. 6.** AS 44.81.020(f) and AS 44.99.030(a)(2) are repealed.

31 * **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).